Committee on Licensing & Administrative Procedure Interim Charge

Evaluate the Texas wine industry and the current labeling requirements associated with the use of "Texas" as an appellation. Determine if current regulations and permitting rules are adequate to support the industry's development.

The Texas wine industry is thriving under current wine labeling laws that allow any winery to state "100% Texas" on wines made only from Texas grapes.

The U.S. Alcohol and Tobacco Tax and Trade Bureau's regulations set forth the requirements for wine labels. Texas does not have state laws governing the mandatory contents of a wine label. Under federal law[1], a wine label may state "Texas" as the appellation if at least 75% of the wine is derived from fruit grown in Texas and it was fully finished in Texas.

If a wine is made only from Texas fruit, it is perfectly permissible to state "100% Texas" or something similar on the label and in advertising.

Only three states, California, Oregon and Washington, have appellation labeling laws that are stricter than federal law.

- California requires that 100% of the wine derive from California fruit to bear any California appellation.[2]
- Washington requires that 95% of the wine, other than fortified wine, derive from Washington fruit to bear a Washington appellation.[3]
- Oregon requires that 95% of the wine derive from Oregon fruit to bear an Oregon American Viticultural Area (AVA) appellation[4] though the federal requirement is 85% for an AVA.[5]

Unlike Texas, the west coast states have ample grape production to support label requirements that are stricter than federal law:

	Acres of Grapes[6]	No. of Wineries	Acres per Winery
California	637,000	4501[7]	141.5
Washington	55,000	792	69.4
Oregon	28,000	793	35.3
Texas	6000	585[8]	10.3

[1] *See* 27 CFR §4.25(b).
[2] Cal. Code Regs., tit. 17, § 17015.
[3] Wash. Rev. Code §66.28.110(2).
[4] Oregon Wine Board, https://trade.oregonwine.org/resources/labeling-regulations/
[5] 27 CFR §4.25(e)(3).
[6] 27 CFR §4.25(b)(i).
[7] California, Washington, and Oregon estimates from: https://wineamerica.org/policy/by-the-numbers/
[8] Texas Alcoholic Beverage Commission's Public Inquiry Database as of Jan. 6, 2020.

There simply are not enough Texas grapes to go around if wineries with labels that currently meet the federal standard are required to increase the volume of Texas fruit in their wine by 25%. Wineries that cannot comply will have to abandon wines they are currently selling or bear the expense of relabeling.

There is no compelling reason to burden Texas wineries with more government regulation. Consumers are not clamoring for increased regulation. There is no evidence to suggest that increasing regulation will "support the industry's development." In fact, in a recent survey, two-thirds of TWGGA members stated they were against any additional label regulations like a 100% restriction.

To the contrary, since 2005 the Texas wine industry has increased its direct economic impact from $997 million to $4.53 billion without state-specific labeling laws. To layer additional state regulations on top of and inconsistent with federal law will put Texas wineries at a disadvantage compared to wineries in the 46 other state that do not have to meet state labeling requirements that are more strict than federal requirements.

There are certainly Texas wineries that make and sell wine made only from Texas fruit. That is their choice and nothing in current law interferes with their businesses at all. Texas wineries making wine only from Texas fruit are free to label their wines accordingly and to brag on themselves as only a Texan can—without imposing new and burdensome regulations on everyone else.

It is entirely un-Texan to make a law that mandates for all the preferences of a few.